



Claire McCaskill

Missouri State Auditor

March 2005

Office of Secretary of State

Period July 1, 2004 to
January 10, 2005, and
the Two Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2005

The following findings were noted as a result of an audit conducted by our office of the Office of Secretary of State.

On January 8, 2001, Matt Blunt was inaugurated as the state's thirty-seventh Secretary of State. His term expired January 10, 2005. On that date, Robin Carnahan was inaugurated as the state's thirty-eighth Secretary of State.

The following report of the Office of the Secretary of State reflects audited financial statements dating from July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004.

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OFFICE OF SECRETARY OF STATE

TABLE OF CONTENTS

	<u>Page</u>
<hr/> FINANCIAL SECTION <hr/>	
State Auditor's Reports:	2-7
Financial Statements	3-5
Internal Control Over Financial Reporting and Compliance and Other Matters	6-7
Financial Statements:	8-17
<u>Exhibit</u>	<u>Description</u>
	Combined Statements of Receipts, Disbursements, and Changes in Cash and Investments, Year Ended-
A-1	June 30, 20049
A-2	June 30, 200310
B	Comparative Statement of Receipts - General Revenue Fund - State, Two Years Ended June 30, 2004 and 2003.....11
	Statement of Appropriations and Expenditures,
C-1	Period July 1, 2004 to January 10, 2005 12-13
C-2	Year Ended June 30, 2004 14-15
C-3	Year Ended June 30, 2003 16-17
Supplementary Data:	18-20
<u>Schedule</u>	
1	Comparative Schedule of Expenditures (From Appropriations), Five Years Ended June 30, 200419
2	Statement of Changes in General Capital Assets, Period July 1, 2004 to January 10, 2005, and Two Years Ended June 30, 200420
Notes to the Financial Statements and Supplementary Data	21-30
<hr/> MANAGEMENT ADVISORY REPORT SECTION <hr/>	
Follow-Up on Prior Audit Findings	32-34

OFFICE OF SECRETARY OF STATE

TABLE OF CONTENTS

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information	36-38

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Matt Blunt, Governor
and
Honorable Robin Carnahan, Secretary of State
Jefferson City, MO 65102

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investments of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund, and the Statement of Receipts for the General Revenue Fund-State as of and for the two years ended June 30, 2004, and the Statement of Appropriations and Expenditures of the various funds of the Office of Secretary of State for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund, and the receipts of the General Revenue Fund-State as of and for the two years ended June 30, 2004, and the appropriations and expenditures of the various funds of the Office of Secretary of State for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 23, 2005, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 23, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Anne Jenkins
	Jennifer L. Carter
	Adrian Kennedy



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Matt Blunt, Governor
and
Honorable Robin Carnahan, Secretary of State
Jefferson City, MO 65102

We have audited the financial statements of the Office of Secretary of State as of and for the period July 1, 2004 to January 10, 2005, and the two years ended June 30, 2004, and have issued our report thereon dated February 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Secretary of State, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Office of Secretary of State are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Office of Secretary of State and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 23, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF SECRETARY OF STATE
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2004

	Records Fund-Federal	National Endowment for the Humanities Save America's Treasures Grant Fund	Election Administration Improvement Fund	General Revenue Fund-Federal	Technology Trust Fund	Local Records Preservation Fund	Investors Restitution Fund	Library Networking Fund	Investor Education and Protection Fund	State Document Preservation Fund	Wolfner Library Trust Fund	Total (Memorandum Only)
RECEIPTS												
Federal grants	\$ 2,000	0	44,914,650	3,143,091	0	0	0	0	0	0	0	48,059,741
Fees	0	0	0	0	2,364,557	2,036,400	0	0	0	0	0	4,400,957
Investment income	7	0	260,504	0	50,961	0	0	3,265	0	649	3,727	319,113
Donations	0	0	0	0	0	0	0	0	0	20	5,688	5,708
Court awards	0	0	0	0	0	0	0	0	82,776	0	0	82,776
Settlements	0	0	0	0	0	0	0	0	17,500	0	0	17,500
Refunds	0	0	0	243	0	32,316	0	0	0	0	0	32,559
Recovery costs	0	0	0	0	0	0	6,814,495	0	66,821	0	0	6,881,316
Miscellaneous	0	0	0	42	0	0	0	0	0	0	0	42
Total Receipts	2,007	0	45,175,154	3,143,376	2,415,518	2,068,716	6,814,495	3,265	167,097	669	9,415	59,799,712
DISBURSEMENTS												
Personal service	0	0	0	390,374	76,327	809,915	0	0	86,248	9,703	0	1,372,567
Employee fringe benefits	0	0	0	139,996	25,224	275,141	0	0	31,307	3,676	0	475,344
Expense and equipment	0	0	0	103,223	2,304,143	291,463	0	0	95,164	26,692	43,447	2,864,132
Public assistance grants	1,867	0	0	2,401,177	0	0	0	0	0	0	0	2,403,044
Library networking	0	0	0	0	0	0	0	87,664	0	0	0	87,664
Local records grant program	0	0	0	0	0	212,712	0	0	0	0	0	212,712
Federal election reform	0	0	158,952	0	0	0	0	0	0	0	0	158,952
Investors restitution	0	0	0	0	0	0	194,600	0	0	0	0	194,600
Unemployment benefits	0	0	0	0	0	15,750	0	0	0	0	0	15,750
State office building rent	0	0	0	73,371	9,190	74,615	0	0	16,081	0	0	173,257
State office building maintenance and repair	0	0	0	9,832	1,278	10,368	0	0	2,234	0	0	23,712
Cost allocation plan	0	0	0	0	33,632	43,020	0	3,023	5,251	730	88	85,744
Leasing operations	0	0	0	0	0	9	0	0	0	0	0	9
Total Disbursements	1,867	0	158,952	3,117,973	2,449,794	1,732,993	194,600	90,687	236,285	40,801	43,535	8,067,487
RECEIPTS OVER (UNDER)												
DISBURSEMENTS	140	0	45,016,202	25,403	(34,276)	335,723	6,619,895	(87,422)	(69,188)	(40,132)	(34,120)	51,732,225
TRANSFERS												
Transfers (to) General Revenue Fund-State	0	0	0	0	(102,000)	0	0	0	0	(7898)	0	(109,898)
RECEIPTS OVER (UNDER)												
DISBURSEMENTS AND TRANSFERS	140	0	45,016,202	25,403	(136,276)	335,723	6,619,895	(87,422)	(69,188)	(48,030)	(34,120)	51,622,327
CASH AND INVESTMENTS, JULY 1	69	0	17,357,004	84,781	3,004,959	1,278,405	1,000	206,179	407,547	49,680	218,365	22,607,989
CASH AND INVESTMENTS, JUNE 30	\$ 209	0	62,373,206	110,184	2,868,683	1,614,128	6,620,895	118,757	338,359	1,650	184,245	74,230,316

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF SECRETARY OF STATE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2003

	Records Fund-Federal	National Endowment for the Humanities Save America's Treasures Grant Fund	Election Administration Improvement Fund	General Revenue Fund-Federal	Technology Trust Fund	Local Records Preservation Fund	Investors Restitution Fund	Library Networking Fund	Investor Education Fund	State Document Preservation Fund	Wolfner Library Trust Fund	Institutional Gift Trust Fund	Total (Memorandum Only)
RECEIPTS													
Federal grants	\$ 105,355	28,829	17,348,011	3,252,620	0	0	0	0	0	0	0	0	20,734,815
Fees	0	0	0	0	2,228,060	2,025,817	0	0	0	0	0	0	4,253,877
Penalties	0	0	0	0	0	0	0	0	15,000	0	0	0	15,000
Investment income	0	0	8,993	0	77,177	11	0	3,645	0	768	5,257	157	96,008
Donations	0	0	0	0	0	0	0	153,750	0	8,292	5,065	0	167,107
Settlements	0	0	0	0	0	0	0	0	240,373	0	0	0	240,373
Refunds	0	0	0	3,742	0	19,074	0	0	0	0	0	0	22,816
Recovery costs	0	0	0	0	0	0	46,500	0	0	0	0	0	46,500
Miscellaneous	2,903	0	0	2,623	2,205	0	0	0	0	0	0	0	7,731
Total Receipts	108,258	28,829	17,357,004	3,258,985	2,307,442	2,044,902	46,500	157,395	255,373	9,060	10,322	157	25,584,227
DISBURSEMENTS													
Personal service	0	0	0	427,592	68,813	836,863	0	0	98,068	0	0	0	1,431,336
Employee fringe benefits	0	0	0	141,302	21,340	265,837	0	0	33,790	0	0	0	462,269
Expense and equipment	0	0	0	139,766	2,521,379	252,884	0	0	84,429	987	0	0	2,999,445
Public assistance grants	0	0	0	2,412,468	0	0	0	0	0	0	0	0	2,412,468
Library networking	0	0	0	0	0	0	0	22,451	0	0	0	0	22,451
Local records grant program	0	0	0	0	0	273,100	0	0	0	0	0	0	273,100
Federal grant programs	105,788	28,829	0	0	0	0	0	0	0	0	0	0	134,617
Investors restitution	0	0	0	0	0	0	45,500	0	0	0	0	0	45,500
State office building rent	0	0	0	73,702	9,270	75,270	0	0	16,222	0	0	0	174,464
State office building maintenance and repair	0	0	0	10,021	1,260	10,235	0	0	2,206	0	0	0	23,722
Cost allocation plan	0	0	0	0	21,732	27,125	0	3,315	211	50	30	487	52,950
Leasing operations	0	0	0	0	0	9	0	0	0	0	0	0	9
Other	2,401	0	0	18	0	0	0	0	0	0	0	0	2,419
Total Disbursements	108,189	28,829	0	3,204,869	2,643,794	1,741,323	45,500	25,766	234,926	1,037	30	487	8,034,750
RECEIPTS OVER (UNDER)													
DISBURSEMENTS	69	0	17,357,004	54,116	(336,352)	303,579	1,000	131,629	20,447	8,023	10,292	(330)	17,549,477
TRANSFERS													
Transfers from General Revenue Fund-State	0	0	0	0	0	0	0	0	0	7898	0	0	7,898
Transfers (to) General Revenue Fund-State	0	0	0	0	(1,825)	(1,249)	0	0	(91)	(9)	(3,447)	0	(6,621)
RECEIPTS OVER (UNDER)													
DISBURSEMENTS AND TRANSFERS	69	0	17,357,004	54,116	(338,177)	302,330	1,000	131,629	20,356	15,912	6,845	(330)	17,550,754
CASH AND INVESTMENTS, JULY 1	0	0	0	30,665	3,343,136	976,075	0	74,550	387,191	33,768	211,520	330	5,057,235
CASH AND INVESTMENTS, JUNE 30 \$	69	0	17,357,004	84,781	3,004,959	1,278,405	1,000	206,179	407,547	49,680	218,365	0	22,607,989

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF SECRETARY OF STATE
COMPARATIVE STATEMENT OF RECEIPTS
GENERAL REVENUE FUND-STATE

	Year Ended June 30,	
	2004	2003
Corporations	\$ 11,406,320	9,935,875
Securities	11,197,272	11,095,061
Uniform commercial code	1,549,989	647,195
Commissions	402,631	373,777
Administrative rules	33,825	36,564
Archives	25,451	17,795
Elections	5,499	1,342
Missouri state library	817	9,101
Miscellaneous	7,547	4,387
Total	\$ 24,629,351	22,121,097

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

OFFICE OF SECRETARY OF STATE
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 PERIOD JULY 1, 2004 TO JANUARY 10, 2005

	Appropriation	Expenditures	Encumbrances	Uncommitted Appropriations
RECORDS FUND - FEDERAL				
Missouri Historical Records Advisory Board Program	\$ 106,939	58,691	23,529	24,719
Re-Grant Program	42,000	40,311	0	1,689
Total Records Fund - Federal	148,939	99,002	23,529	26,408
NATIONAL ENDOWMENT FOR THE HUMANITIES SAVE AMERICA'S TREASURES GRANT FUND				
Document Preservation Grant	146,172	2,900	72,429	70,843
Total National Endowment for the Humanities Save America's Treasures Grant Fund	146,172	2,900	72,429	70,843
ELECTION ADMINISTRATION IMPROVEMENT FUND				
Federal Election Reform	63,001,242	6,120,268	5,606,259	51,274,715
State Match	116,038	0	0	116,038
Total Election Administration Improvement Fund	63,117,280	6,120,268	5,606,259	51,390,753
ELECTION IMPROVEMENTS REVOLVING LOAN FUND				
Federal Election Reform	232,284	232,185	0	99
Total Election Improvements Revolving Loan Fund	232,284	232,185	0	99
GENERAL REVENUE FUND - FEDERAL				
Personal Service	530,322	214,112	0	316,210
Expense and Equipment	227,574	71,650	50,004	105,920
Allotments, grants and contributions from the Federal Government or from any sources may be deposited in the State Treasury for the use of the Missouri State Library	2,750,000	1,231,953	645,290	872,757
Total General Revenue Fund - Federal	3,507,896	1,517,715	695,294	1,294,887
TECHNOLOGY TRUST FUND				
Personal Service	80,905	34,535	0	46,370
Expense and Equipment	2,922,496	1,238,664	1,115,694	568,138
Total Technology Trust Fund	3,003,401	1,273,199	1,115,694	614,508
LOCAL RECORDS PRESERVATION FUND				
Payment of real property leases, related services, utilities, and systems furniture; and structural modifications for new FTE for rents consolidated to the Office of Administration - Expense and Equipment	274	120	120	34
Personal Service	916,663	482,430	0	434,233
Expense and Equipment	397,727	136,831	62,697	198,199
Local records preservation grants	521,043	200,956	161,304	158,783
Total Local Records Preservation Fund	1,835,707	820,337	224,121	791,249
INVESTORS RESTITUTION FUND				
Investors Restitution	55,000	3,000	0	52,000
Total Investors Restitution Fund	55,000	3,000	0	52,000
LIBRARY NETWORKING FUND				
Library Network Grants	450,001	18,425	3,494	428,082
Total Library Networking Fund	450,001	18,425	3,494	428,082
INVESTOR EDUCATION AND PROTECTION FUND				
Personal Service	125,658	55,240	0	70,418
Expense and Equipment	163,464	57,889	14,826	90,749
Total Investor Education and Protection Fund	289,122	113,129	14,826	161,167

Exhibit C-1

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
PERIOD JULY 1, 2004 TO JANUARY 10, 2005

	Appropriation	Expenditures	Encumbrances	Uncommitted Appropriations
STATE DOCUMENT PRESERVATION FUND				
Expense and Equipment	12,183,515	0	0	12,183,515
Personal Service	171,704	550	0	171,154
Total State Document Preservation Fund	12,355,219	550	0	12,354,669
WOLFNER LIBRARY TRUST FUND				
Expense and Equipment	14,500	0	0	14,500
Total Wolfner Library Trust Fund	14,500	0	0	14,500
GENERAL REVENUE FUND - STATE				
Personal Service	6,894,859	3,737,359	0	3,157,500
Expense and Equipment	2,343,907	989,496	704,253	650,158
Elections Public Notice	1,600,000	580,513	0	1,019,487
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	100,000	64,802	0	35,198
Remote Electronic Access for Libraries Program	2,959,250	0	2,959,250	0
Absentee Ballots	50,000	50,000	0	0
Aid to Public Libraries	4,001,744	1,404,984	1,404,983	1,191,777
Literacy Investment for Tomorrow Program	69,450	0	69,450	0
Leasing	228,925	99,677	99,677	29,571
Election Printing	21,395	19,980	0	1,415
Expense and Equipment Grant Match	8,136	8,125	0	11
Official Manual	10,000	667	366	8,967
Total General Revenue Fund - State	18,287,666	6,955,603	5,237,979	6,094,084
Total All Funds	\$ 103,443,187	17,156,313	12,993,625	73,293,249

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

OFFICE OF SECRETARY OF STATE
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2004

	Appropriation	Expenditures	Lapsed Balances **
RECORDS FUND - FEDERAL			
Missouri Historical Records Advisory Board			
Program	\$ 208,002	4,741	203,261 *
Total Records Fund - Federal	208,002	4,741	203,261
NATIONAL ENDOWMENT FOR THE HUMANITIES			
SAVE AMERICA'S TREASURES GRANT FUND			
Document Preservation Grant	312,511	0	312,511 *
Total National Endowment for the Humanities			
Save America's Treasures Grant Fund	312,511	0	312,511
ELECTION ADMINISTRATION IMPROVEMENT FUND			
Federal Election Reform	17,363,078	158,952	17,204,126
Total Election Administration Improvement Fund	17,363,078	158,952	17,204,126
GENERAL REVENUE FUND - FEDERAL			
Personal Service	511,242	390,374	120,868
Expense and Equipment	227,574	103,223	124,351
Allotments, grants and contributions from the			
Federal Government or from any sources			
may be deposited in the State Treasury for			
the use of the Missouri State Library	3,595,893	2,401,177	1,194,716
Total General Revenue Fund - Federal	4,334,709	2,894,774	1,439,935
TECHNOLOGY TRUST FUND			
Personal Service	78,505	76,327	2,178
Expense and Equipment	2,922,496	2,304,143	618,353
Total Technology Trust Fund	3,001,001	2,380,470	620,531
LOCAL RECORDS PRESERVATION FUND			
Payment of real property leases, related services,			
utilities, and systems furniture; and structural			
modifications for new FTE for rents			
consolidated to the Office of Administration -			
Expense and Equipment	514	240	274 *
Personal Service	885,175	809,915	75,260
Expense and Equipment	418,007	291,223	126,784
Local records preservation grants	561,461	212,712	348,749 *
Total Local Records Preservation Fund	1,865,157	1,314,090	551,067
INVESTORS RESTITUTION FUND			
Investors Restitution	254,000	194,600	59,400
Total Investors Restitution Fund	254,000	194,600	59,400
LIBRARY NETWORKING FUND			
Library Network Grants	206,662	87,664	118,998
Total Library Networking Fund	206,662	87,664	118,998
INVESTOR EDUCATION AND PROTECTION FUND			
Personal Service	121,458	86,248	35,210
Expense and Equipment	163,464	95,164	68,300
Total Investor Education and Protection Fund	284,922	181,412	103,510
STATE DOCUMENT PRESERVATION FUND			
Expense and Equipment	189,515	26,692	162,823
Personal Service	116,848	9,703	107,145
Total State Document Preservation Fund	306,363	36,395	269,968

Exhibit C-2

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriation	Expenditures	Lapsed Balances **
WOLFNER LIBRARY TRUST FUND			
Expense and Equipment	57,000	43,447	13,553
Total Wolfner Library Trust Fund	57,000	43,447	13,553
GENERAL REVENUE FUND - STATE			
Personal Service	6,682,748	6,598,574	84,174
Expense and Equipment	2,395,934	2,327,138	68,796
Elections Public Notice	100,000	0	100,000
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	254,000	110,417	143,583
Remote Electronic Access for Libraries Program	2,959,250	2,959,250	0
Absentee Ballots	50,000	26,561	23,439
Costs related to State library automation	185,000	185,000	0 *
Aid to Public Libraries	4,001,744	4,001,744	0
Literacy Investment for Tomorrow Program	69,450	69,450	0
Federal Election Reform	40,000	0	40,000
Leasing	428,740	199,815	228,925 *
Election Printing	21,395	17,378	4,017
Expense and Equipment Grant Match	58,479	50,343	8,136 *
Official Manual	600,000	450,800	149,200
Statewide Library Automation	103,204	103,204	0
Total General Revenue Fund - State	17,949,944	17,099,674	850,270
Total All Funds	\$ 46,143,349	24,396,219	21,747,130

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005.

** The lapsed balances included the following withholdings made at the Governor's request.

	Year Ended June 30, 2004
General Revenue Fund-State	
Elections Public Notice	\$ 3,000
Absentee Ballots	1,500
Federal Election Reform	1,200
Leasing	12,862
Total	\$ 18,562

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-3

OFFICE OF SECRETARY OF STATE
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2003

	Appropriation	Expenditures	Lapsed Balances **
RECORDS FUND - FEDERAL			
Missouri Historical Records Advisory Board			
Program	\$ 290,000	102,914	187,086
Total Records Fund - Federal	290,000	102,914	187,086
NATIONAL ENDOWMENT FOR THE HUMANITIES			
SAVE AMERICA'S TREASURES GRANT FUND			
Document Preservation Grant	95,000	28,829	66,171
Total National Endowment for the Humanities			
Save America's Treasures Grant Fund	95,000	28,829	66,171
ELECTION ADMINISTRATION IMPROVEMENT FUND			
Federal Election Reform	5,000,000	0	5,000,000
Total Election Administration Improvement Fund	5,000,000	0	5,000,000
GENERAL REVENUE FUND - FEDERAL			
Personal Service	504,057	427,592	76,465
Expense and Equipment	227,574	139,766	87,808
Allotments, grants and contributions from the			
Federal Government or from any sources			
may be deposited in the State Treasury for			
the use of the Missouri State Library	3,869,687	2,412,468	1,457,219
Federal Election Reform	1	0	1
Total General Revenue Fund - Federal	4,601,319	2,979,826	1,621,493
TECHNOLOGY TRUST FUND			
Personal Service	77,900	68,813	9,087
Expense and Equipment	2,922,496	2,521,379	401,117
Total Technology Trust Fund	3,000,396	2,590,192	410,204
LOCAL RECORDS PRESERVATION FUND			
Payment of real property leases, related services,			
utilities, and systems furniture; and structural			
modifications for new FTE for rents			
consolidated to the Office of Administration -			
Expense and Equipment	257	240	17
Personal Service	899,969	836,863	63,106
Expense and Equipment	397,727	252,644	145,083
Local records preservation grants	722,134	273,100	449,034
Total Local Records Preservation Fund	2,020,087	1,362,847	657,240
INVESTORS RESTITUTION FUND			
Investors Restitution	55,000	45,500	9,500
Total Investors Restitution Fund	55,000	45,500	9,500
LIBRARY NETWORKING FUND			
Library Network Grants	50,000	22,451	27,549
Total Library Networking Fund	50,000	22,451	27,549
INVESTOR EDUCATION FUND			
Personal Service	121,458	98,068	23,390
Expense and Equipment	163,464	84,429	79,035
Total Investor Education Fund	284,922	182,497	102,425
STATE DOCUMENT PRESERVATION FUND			
Expense and Equipment	33,515	987	32,528
Personal Service	116,460	0	116,460
Total State Document Preservation Fund	149,975	987	148,988

Exhibit C-3

OFFICE OF SECRETARY OF STATE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriation	Expenditures	Lapsed Balances **
WOLFNER LIBRARY TRUST FUND			
Expense and Equipment	35,000	0	35,000
Total Wolfner Library Trust Fund	35,000	0	35,000
INSTITUTIONAL GIFT TRUST FUND			
Personal Service	121,458	0	121,458
Expense and Equipment	163,464	0	163,464
Total Institutional Gift Trust Fund	284,922	0	284,922
GENERAL REVENUE FUND - STATE			
Personal Service	6,237,008	6,226,784	10,224
Expense and Equipment	2,552,530	2,374,382	178,148
Elections Public Notice	1,607,196	1,518,645	88,551
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	100,000	84,204	15,796
Remote Electronic Access for Libraries Program	2,959,250	2,959,250	0
Payment of real property leases, related services, utilities, and systems furniture; and structural modifications for new FTE for rents consolidated to the Office of Administration - Expense and Equipment	187,991	187,691	300
Absentee Ballots	50,000	26,753	23,247
Costs related to State library automation	483,866	380,662	103,204
Aid to Public Libraries	3,770,657	3,770,656	1
Literacy Investment for Tomorrow Program	69,450	69,450	0
Expense and Equipment Grant Match	49,275	49,274	1
Federal Election Reform	40,000	0	40,000
Personal Service/Expense and Equipment Flex	988,588	897,619	90,969
Total General Revenue Fund-State	19,095,811	18,545,370	550,441
Total All Funds	\$ 34,962,432	25,861,413	9,101,019

** The lapsed balances included the following withholdings made at the Governor's request.

	Year Ended June 30, 2003
General Revenue Fund-State	
Expense and Equipment	\$ 11,800
Elections Public Notice	38,000
Absentee Ballots	21,561
Federal Election Reform	40,000
Total	\$ 111,361

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF SECRETARY OF STATE
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 7,971,141	8,555,738	8,673,653	8,205,279	7,460,354
Travel, in-state	146,873	164,063	189,269	156,399	164,934
Travel, out-of-state	41,074	54,502	45,668	75,185	92,054
Fuel and utilities	23,521	25,676	24,314	11,127	10,359
Supplies	871,433	816,476	1,031,431	939,732	841,721
Professional development	151,719	143,960	150,572	154,239	144,481
Communication service and supplies	301,216	301,489	438,716	315,424	271,370
Services:					
Health	0	0	0	0	75
Business	0	0	0	2,158,554	1,386,287
Professional	5,914,750	7,333,896	5,499,463	1,117,305	917,771
Housekeeping and janitorial	12,510	11,181	10,784	4,972	2,713
Maintenance and repair	908,563	794,363	854,607	0	0
Equipment maintenance and repair	0	0	0	785,897	294,167
Transportation maintenance and repair	0	0	0	2,194	3,380
Computer equipment	741,754	842,557	702,001	1,092,560	779,688
Motorized equipment	20,437	7,500	0	17,801	39,256
Office equipment	90,734	11,145	13,644	305,026	62,793
Other equipment	69,925	48,287	44,275	272,420	21,569
Property and improvements	109,235	109,387	223,235	132,071	151,850
Building lease payments	208,668	196,098	210,027	88,669	69,020
Equipment rental and leases	37,010	8,747	33,756	26,519	27,293
Miscellaneous expenses	19,285	38,362	52,169	35,135	163,196
Refunds	110,417	84,204	62,027	66,066	2,689,631
Program distributions	6,645,954	6,313,782	6,171,591	10,594,000	10,254,901
Total Expenditures	\$ 24,396,219	25,861,413	24,431,202	26,556,574	25,848,863

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

OFFICE OF SECRETARY OF STATE
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2002	\$ 4,874,600	202,331	5,076,931
Prior period adjustment	(165,386)	0	(165,386)
Restated Balance, June 30, 2002	4,709,214	202,331	4,911,545
Additions	980,916	12,502	993,418
Dispositions	315,872	39,256	355,128
Balance, June 30, 2003	5,374,258	175,577	5,549,835
Additions	719,867	15,435	735,302
Dispositions	197,158	0	197,158
Balance, June 30, 2004	5,896,967	191,012	6,087,979
Additions	758,631	305	758,936
Dispositions	132,056	0	132,056
Balance, January 10, 2005	\$ 6,523,542	191,317	6,714,859

Fund of Acquisition	Balance January 10, 2005
General Revenue Fund-State	\$ 3,608,416
General Revenue Fund-Federal	42,660
Election Administration Improvement	666,755
Technology Trust Fund	2,096,309
Local Records Preservation Fund	264,738
Library Networking Fund	2,080
Wolfner Library Trust Fund	33,901
Total All Funds	\$ 6,714,859

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF SECRETARY OF STATE
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of Secretary of State.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the General Revenue Fund-State. Receipts include monies the office collects during its normal activities and remits to the fund. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statements of Appropriations and Expenditures, Exhibit C, are presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations. For the period ended January 10, 2005, expenditures include amounts payable at January 10, 2005, including payroll earned through December 31, 2004, for all employees, plus the final payroll and accrued annual leave amounts payable to employees terminating on January 10, 2005. Encumbered amounts are reported as encumbrances.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Records Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's Records Federal Account. These federal funds may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize the disbursements of the office's federal funds. This fund is used to handle federal funds administered by State Archives for document preservation grants to other entities and the electronic records training grants for training of other entities.

National Endowment for the Humanities Save America's Treasures Grant Fund: The office administers a program financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's National Endowment for the Humanities Save America's Treasure Federal Account. These federal funds may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize the disbursements of

the office's federal funds. This fund is used to handle federal funds administered by State Archives for the preservation of the St. Louis Circuit Clerk's court documents.

Election Administration Improvement Fund: This fund was established by Section 115.078.1, RSMo, in fiscal year 2003, to account for gifts, contributions, grants, or bequests received from federal, private, or other sources for the purpose of improving the administration of elections within Missouri. The federal monies may be received in advance, when related expenditures are made, or after they are made. Expenditures are authorized by appropriations for election administration improvements. No monies in this fund shall be made a part of the general operating budget of an election authority, or used to supplant other federal, state, or local funds expended for elections. Monies may be transferred from this fund to the Elections Improvements Revolving Loan Fund as the Secretary of State deems necessary to comply with the Help America Vote Act of 2002 (HAVA). Balances remaining in the fund are perpetually maintained for the purpose of the fund.

General Revenue Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Technology Trust Fund: This fund was established by Section 28.160, RSMo, to receive fees for certain services provided by the Office of Secretary of State. Expenditures are authorized by appropriation for the purposes of establishing, procuring, developing, modernizing and maintaining an electronic data processing system and programs for a centralized data base of all registered voters; library services; and services, equipment, and functions related to administrative rules, securities, corporations and business organizations, archives, Uniform Commercial Code and record services. The authority to collect certain fees expires December 31, 2009. At the end of a biennium, any amount in the fund in excess of \$5 million shall be transferred to the General Revenue Fund-State.

Local Records Preservation Fund: This fund was established by Section 59.319, RSMo, to receive user fees from document recordings in each county. Expenditures are authorized by appropriation for preservation of local records by the Secretary of State. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Investors Restitution Fund: This fund was established by Section 409.6-604, RSMo, in fiscal year 2003, for the purpose of preserving and distributing to aggrieved investors, restitution funds obtained through enforcement proceedings under the state securities laws. Expenditures are authorized by appropriation for restitution to individuals. If the aggrieved investor cannot be determined, the funds may be transferred to the Investor Education and Protection Fund.

Library Networking Fund: This fund was established by Section 182.812, RSMo, to consist of any gifts, contributions, grants, or bequests received from federal, private or other sources. Expenditures are authorized by appropriation for library networks. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Investor Education and Protection Fund: This fund was established by Section 409.6-601, RSMo, to receive collections from enforcement actions of the Secretary of State Securities Division. Expenditures are authorized by appropriation for investor education programs. Balances remaining in the fund are perpetually maintained for the purpose of the fund. Effective September 1, 2003, the fund name changed to Investor Education and Protection Fund from Investor Education Fund.

State Document Preservation Fund: This fund was established by Section 109.005, RSMo, to receive monies from gifts, bequests, or contributions for the specific purpose of preserving legal, historical and genealogical materials and making them available to the public. Expenditures are authorized by appropriation for state document preservation. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Wolfner Library Trust Fund: This fund was established by Section 181.150, RSMo, to account for donations restricted to improving library services to the blind and physically handicapped. In addition to donations, revenues consist of earnings from fund investments. A portion of the Wolfner Library Trust Fund is invested with and managed by the Missouri Investment Trust.

Institutional Gift Trust Fund: This fund was established by Section 33.563, RSMo, to receive collections from enforcement actions of the Secretary of State Securities Division. Expenditures are authorized by appropriation for investor education programs. Balances remaining in the fund are perpetually maintained for the purpose of the fund. This fund was closed at the end of fiscal year 2003.

General Revenue Fund-State: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

Election Improvements Revolving Loan Fund: This fund was established by Section 115.078.2, RSMo, in fiscal year 2003, to account for moneys appropriated by the general assembly, repayment of moneys from eligible lenders, and any moneys deposited or transferred to the fund for the purpose of improving the administration of elections through loans. The money in the fund was to be used solely for improving the administration of elections through loans, and the fund was to be

administered in accordance with HAVA. However, the Office of Secretary of State decided not to pursue HAVA loans. Instead, the Office of Secretary of State places grant monies from the U.S. Department of Health and Human Services in the fund. These monies are used to provide greater voting accessibility to individuals with a full-range of disabilities. The Office of Administration approved the Office of Secretary of State putting those monies in this fund. Appropriations from this fund authorize disbursement of the office's federal monies.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investor Education and Protection Fund, and State Document Preservation Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

2. Cash and Investments

The balances of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, Election Administration Improvement Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Investors Restitution Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund are pooled with other state funds and invested by the state treasurer. In addition, \$728,000 from the Wolfner Library Trust Fund is invested with the Missouri Investment Trust. According to the trust agreement between the Office of Secretary of State and the Missouri Investment Trust, the funds transferred along with any interest, income or other earnings will be transferred to the Wolfner Library Trust Fund from the Missouri Investment Trust in January 2010.

3. Article X Refunds

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. Total state revenue exceeded this limit in fiscal year 2000, which triggered income tax refund liabilities in fiscal year 2003 under provisions of the Constitution. The Office of Administration calculated the proportional share of the liabilities to be allocated to each fund and transfers were made from the Technology Trust Fund, Local Records Preservation Fund, Investor Education and Protection Fund, State Document Preservation Fund, and Wolfner Library Trust Fund to the state's General Revenue Fund to cover the fund's share of the liabilities.

4. State Office Building Rent/Maintenance and Repair

The Office of Administration calculated the proportional share of operating costs and maintenance, repair, and renovation costs for the office's occupancy in state-owned buildings. Monthly transfers were made from the General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, and Investor Education and Protection Fund to the state's General Revenue Fund to cover the fund's share of the costs.

5. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for the agencies in the pools. Transfers were made from the Technology Trust Fund, Local Records Preservation Fund, Library Networking Fund, Investor Education and Protection Fund, State Document Preservation Fund, Wolfner Library Trust Fund, and Institutional Gift Trust Fund to the state's General Revenue Fund to cover each fund's share of the costs.

6. Leasing Operations

The Office of Administration calculated the proportional share of costs for leasing operations to be allocated to various funds based on each fund's percentage of the state's total lease expenditures in the prior year. An annual transfer was made from the Local Records Preservation Fund to the state's General Revenue Fund to cover the fund's share of the costs.

7. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

Records Fund-Federal

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	1,867	108,189
Lapse period expenditures:			
2003		2,874	(2,874)
Other		0	(2,401)
EXPENDITURES PER EXHIBIT C	\$	<u>4,741</u>	<u>102,914</u>

General Revenue Fund-Federal

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	3,117,973	3,204,869
Employee fringe benefits		(139,996)	(141,302)
State office building rent		(73,371)	(73,702)
State office building maintenance and repair		(9,832)	(10,021)
Other		0	(18)
EXPENDITURES PER EXHIBIT C	\$	<u>2,894,774</u>	<u>2,979,826</u>

Technology Trust Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	2,449,794	2,643,794
Employee fringe benefits		(25,224)	(21,340)
State office building rent		(9,190)	(9,270)
State office building maintenance and repair		(1,278)	(1,260)
Cost allocation plan		(33,632)	(21,732)
EXPENDITURES PER EXHIBIT C	\$	<u>2,380,470</u>	<u>2,590,192</u>

Local Records Preservation Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	1,732,993	1,741,323
Employee fringe benefits		(275,141)	(265,837)
Unemployment Benefits		(15,750)	0
State office building rent		(74,615)	(75,270)
State office building maintenance and repair		(10,368)	(10,235)
Cost allocation plan		(43,020)	(27,125)
Leasing operations		(9)	(9)
EXPENDITURES PER EXHIBIT C	\$	<u>1,314,090</u>	<u>1,362,847</u>

Library Networking Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	90,687	25,766
Cost allocation plan		(3,023)	(3,315)
EXPENDITURES PER EXHIBIT C	\$	<u>87,664</u>	<u>22,451</u>

Investor Education and Protection Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	236,285	234,926
Employee fringe benefits		(31,307)	(33,790)
State office building rent		(16,081)	(16,222)
State office building maintenance and repair		(2,234)	(2,206)
Cost allocation plan		(5,251)	(211)
EXPENDITURES PER EXHIBIT C	\$	<u>181,412</u>	<u>182,497</u>

State Document Preservation Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	40,801	1,037
Employee fringe benefits		(3,676)	0
Cost allocation plan		(730)	(50)
EXPENDITURES PER EXHIBIT C	\$	<u>36,395</u>	<u>987</u>

Wolfner Library Trust Fund

		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	43,535	30
Cost allocation plan		(88)	(30)
EXPENDITURES PER EXHIBIT C	\$	<u>43,447</u>	<u>0</u>

Institutional Gift Trust Fund

		Year Ended June 30,	
		2003	
DISBURSEMENTS PER EXHIBIT A	\$	487	
Cost allocation plan		(487)	
EXPENDITURES PER EXHIBIT C	\$	<u>0</u>	

8. Uncommitted Appropriations-Fiscal Year 2005

The amounts presented as uncommitted appropriations represent appropriations not yet spent or committed at January 10, 2005.

Notes to the Supplementary Data:

9. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at January 10, 2005, June 30, 2004, and June 30, 2003, was approximately \$4,435,000, \$4,190,000 and \$3,519,000, respectively.

10. Prior Period Adjustment

The June 30, 2002 balance of furniture and equipment in the general capital assets account has been decreased by \$165,386. This change is the result of various corrections made to the State Advantage for Missouri (SAM II) system.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

OFFICE OF SECRETARY OF STATE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Secretary of State on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2002. Although the unimplemented recommendation is not repeated, the office should consider implementing this recommendation.

1. Federal Grant Management

- A. Because the State Library (library) did not routinely require subrecipients of the Institute of Museum and Library Services (IMLS) grants to provide expenditure documentation, the library rarely reviewed and evaluated expenditure documentation from these subrecipients.
- B. During the year ended June 30, 2002, the Archives Division only submitted one of four required reports for a document restoration grant. In addition, the library had not submitted quarterly federal cash transaction reports since July 2001 for the IMLS grants.

Recommendation:

The Office of Secretary of State:

- A. Develop policies and procedures to adequately monitor subrecipients' expenditures of IMLS grant monies to ensure the monies are spent in accordance with federal requirements.
- B. Ensure all required reports are prepared and submitted in accordance with grant requirements.

Status:

Implemented.

2. Corporation Fees

The Corporations Section did not establish adequate procedures to ensure the number of filings processed each day were properly reported and accounted for and that fees were remitted to the proper fund. Neither the total number of filings documented on the individual transmittal sheets nor the aggregate number of filings were independently verified.

Recommendation:

The Office of Secretary of State establish procedures which provide for an independent verification of the number of filings processed by the Corporations Section and which ensure fees received are remitted to the proper fund.

Status:

Implemented. A new computer system provides the office a more accurate count of the number of filings and the amounts to be paid to the applicable funds.

3. Internal Control Plan and Control Weaknesses

- A. The office did not prepare and submit an internal control plan to the Office of Administration (OA), as required.
- B. The failure to complete an internal control plan contributed to control weaknesses in various divisions. There was a lack of segregation of duties in the majority of divisions, and one division did not deposit receipts on a timely basis. In addition, monthly reconciliations between revenue transmittals and State Advantage for Missouri (SAM II) reports were usually not prepared and/or properly documented in the majority of divisions.

Recommendation:

The Office of Secretary of State develop written internal control procedures for the various divisions. These procedures should ensure the duties of receiving, recording, depositing, and reconciling are adequately segregated; receipts are deposited on a daily basis or when accumulated receipts exceed \$100; and monthly reconciliations of receipts to SAM II reports are prepared and/or documented. In addition, the Office of Secretary of State should prepare and submit its internal control plan to the OA, as soon as possible.

Status:

Partially implemented. Written internal control procedures were completed and submitted to OA for the various divisions. Although control procedures for the divisions have improved, there are still some control weaknesses. In some divisions, an independent documented supervisory review is not always performed and/or documented, and a monthly reconciliation between revenue transmittals and SAM II reports is not always documented. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF SECRETARY OF STATE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of Secretary of State is an elective office as provided in the Missouri Constitution. Article IV, Section 14, established the duties of the Secretary of State: 1) to be custodian of the state seal, 2) to keep a register of the official acts of the governor, 3) to be custodian of records and documents, and 4) to perform such duties in relation to elections and corporations as provided by law.

To accommodate the responsibilities of record keeping, registration, and administration, the Secretary of State's office is currently divided into eight divisions – Executive Services, Elections, Securities, Business Services, Record Services, Legal Services, Administrative Services and Library Services. Some divisions are composed of separate sections which perform specific functions.

On January 8, 2001, Matt Blunt was inaugurated as the state's thirty-seventh Secretary of State. His term expired on January 10, 2005. On that date, Robin Carnahan was inaugurated as the thirty-eighth Secretary of State.

At January 10, 2005, the office employed approximately 262 full-time and 9 part-time employees. An organization chart follows:

OFFICE OF SECRETARY OF STATE
ORGANIZATION CHART
JANUARY 10, 2005

